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SUBJECT: ANTANANARIVO POL/ECON WEEKLY UPDATE (13-NOV-2009)

REF: 09 ANTANANARIVO 767

11. (U) SUMMARY: This is U.S. Embassy Antananarivo's Weekly Update for November 2-13, an unclassified review of major political, economic, and commercial events and information from the U.S. Mission to Madagascar and the Comoros.

POLITICS (Paragraphs 2-4)
- Transition Government: Still a Work in Progress
- Election Timeline
- French Ambassador Presents Credentials

ECONOMIC AND COMMERCIAL (Paragraphs 5-10)
- Macarthur Foundation Calls for Resumption of USAID Environment Program
- High Speed Internet at Last
- Ambassador Speaks to Amcham
- Special Self-Help Projects Visit
- China-Madagascar Cooperation
- SADC Assistance in the Fishing Sector

COMOROS (Paragraphs 11-12)
- Fishermen on Strike
- Resumption of Direct Air Links with France

END SUMMARY

POLITICS

12. (SBU) TRANSITION GOVERNMENT: STILL A WORK IN PROGRESS: The four political movements have made progress in implementing the Charter of the Transition and the Addis Addendum (see ref A). Most of the ministerial nominations have been determined, the president and co-presidents held their first joint meeting, and Eugene Mangalaza formally took over the position of Prime Minister on November 13. Difficulties remain: several key ministries remain hotly contested, and the presidential triumvirate is already finding cohabitation difficult. The French and US ambassadors are calling together on former President Zafy on November 13 to press him to agree today to form a new government; he is, ironically (given his relative political weight), proving the most difficult of the four leaders. The looming pressure of EU aid and US trade (AGOA) remains a strong motivating factor, however, and the international community remains cautiously optimistic that the transition government will be finalized shortly. The international community issued a joint communique on November 13 applauding the progress to date but encouraging the implementation of the Addis and Maputo agreements as soon as possible.

13. (SBU) ELECTION TIMELINE: Following the first meeting of the Transition Presidential Council, Co-President Fetison Rakoto Andrianirina announced their decision to hold presidential elections by June 26, 2010 in order to have a new president by the 50th anniversary of the Malagasy Independence. The Addis Ababa addendum to the Charter of the Transition stipulates that the National Independent Electoral Commission is to be set up by the end of the year, following a national conference to discuss changes to the constitution (slated for early December). Transition officials plan to hold the constitutional referendum in January, despite concerns over the impact of cyclone season (January through April). Presidential and legislative elections may be held as early as April, perhaps simultaneously, followed by regional and municipal elections later in the year. A more precise calendar will be available following upcoming assessments by international election experts.

14. (SBU) FRENCH AMBASSADOR PRESENTS CREDENTIALS: French Ambassador Jean-Marc Chataigner presented his credentials to the HAT Minister of Foreign Affairs on November 9, and Transition President Rajoelina on November 10, without the presence of the two co-presidents. Predictably, Rajoelina supporters called it the first step to official international recognition of the Malagasy Transition (and, logically, its president). Rajoelina's opponents, however, quickly called it "concrete proof" that Rajoelina has been a French puppet all along, and that France is pushing to advance its economic and political interests in the country. Most ambassadors, including the U.S. ambassador, are awaiting the formation of a new government before starting calls on newly-named officials.

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ECONOMIC AND COMMERCIAL

15. (SBU) MACARTHUR FOUNDATION CALLS FOR RESUMPTION OF USAID ENVIRONMENT PROGRAM: Newly-named MacArthur Foundation President Bob Gallucci, on his first overseas trip in his new position, visited Madagascar November 6-11. His focus was on MacArthur's many grants over the past two decades to NGOs and other groups promoting conservation in Madagascar. Over dinner hosted by the ambassador, Gallucci indicated that he will write to the Obama administration encouraging an immediate resumption of USAID's suspended environment program. His visit included field visits to marine and land conservation sites around the island.

16. (SBU) HIGH SPEED INTERNET AT LAST: The director of Orange Madagascar told Emboff November 12 that Orange has already begun providing high speed internet services in the coastal town of Tamatave, where Madagascar's first undersea fiber optic cable "LION" landed last June. LION, a USD 49.1 million investment by Orange Madagascar, France Telecom, and Mauritius Telecom, connects Madagascar to other Indian Ocean islands and on to Asia. Prices for 1 mbps internet connections in Tamatave have been reduced by about 70 percent. Despite contradictory information from the telecoms regulator OMERT, the director claimed that Orange is authorized by its license not only to provide cellular service, but also to provide internet service to PCs, and that this has been confirmed by the telecoms ministry. The company does not yet have the authorization to sell capacity of its broadband network to other operators, but argued that the legal snag could be remedied merely by the passage of implementing decrees for the existing 2005 telecoms law. He explained that Orange has received assurances from transition President Rajoelina that reforms would be made to liberalize the sector. The company launched its broadband services in Tana November 7, which it has already sold to the French Embassy, but is unable to roll them out more widely until it is granted additional frequencies from OMERT. Two other submarine fiber optic cables are due to reach Madagascar by 2011 - the Orange line from Mombasa to the North and the Telma line (EASSy) from South Africa to the East.

17. (SBU) AMBASSADOR SPEAKS TO AMCHAM: The Ambassador spoke to a group of around 50 members of the American Chamber of Commerce of

Madagascar November 12 about the current political situation. He noted that the power-sharing agreement reached November 7 in Addis Ababa was a breakthrough, but now it was important to see concrete measures, including the installation of the transition cabinet and formation of the independent electoral commission. In response to questions, he explained that the primary function of the transition government would be to organize elections, likely to be held in seven months, and that Madagascar should look to SADC, of which it is a member, for successful models of independent electoral commissions. He clarified that the US plans to support the electoral process, but will not fully engage with Madagascar until there is an elected government in place. Many participants again expressed concern about the possibility that Madagascar might lose eligibility for African Growth and Opportunity Act (AGOA) trade benefits.

¶18. (U) SPECIAL SELF-HELP PROJECTS VISIT: Emboff visit two successfully completed Special Self-Help projects from FY 2008 on the east coast of Madagascar last week. In Tamatave, Sanitec received USD 7,000 to purchase a ball mill that produces ceramic water filters. The filters will be sold at a subsidized price to provide safe drinking water for 20,000 families in the surrounding community. Association Mitsinjo in Mananara-Nord received USD 5,500 to complete a latrine with solar energy and a latrine in this very isolated village.

¶19. (U) CHINA-MADAGASCAR COOPERATION: During an interview, Mr. Zhou Mangsheng, Commercial and Economic Officer of the Chinese Embassy declared that China will fund the construction of a hydroelectric facility in the Mahajanga area, an investment totaling USD 140 million. The work will begin once technical conditions and the environmental impact survey are completed.

¶10. (U) SADC ASSISTANCE IN THE FISHING SECTOR: Mr. Stuart Martin, in charge of the development sector at SADC, met with the Minister of Fisheries on November 10 to discuss the management of fish stock in the SADC region. The organization will soon set up a network to fight illegal exploitation of fish by foreign companies. In addition, SADC will create a data bank to assess the potential reserves of its members.

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COMOROS

¶11. (SBU) COMORAN FISHERMEN ON STRIKE: Comoran fishermen launched a general strike on Thursday after negotiations with government officials broke down over the price of kerosene and electricity. The union is encouraging their allies in Anjouan and Moheli to follow suit. Union plans to block access to the markets appeared to have been successful, with supplies running low on November 6. It is not clear how long the fishermen can maintain their collective action, as most have little or no savings and depend on daily fish sales to earn a living, but it is indicative of mounting discontent among Comorans over their increasingly difficult economic conditions.

¶12. (U) RESUMPTION OF DIRECT AIR LINKS WITH FRANCE: Abdillah Mouigni, SG of the Transport and Tourism Ministry, announced on November 6 that French airline Air Austral will start direct flights between Paris and Moroni in January 2010. This follows on the heels of a recent visit to Comoros by Gerard Etheve, Managing Director of Air Austral, during which the remaining "technical and operational constraints" were eliminated. The flight will depart Moroni every Tuesday with a stop-over at Marseille (designed to appeal to heavy demand from the Comoran diaspora in France, over 100,000 of whom live in or near Marseille), and return Wednesday. This can only be good news for a nation that has long suffered due to its extreme isolation from the rest of the world economy.

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